




BUDGET MEMO # 18

DATE: April 5, 2013

TO: The Honorable Mayor and Members of the City Council

FROM: David Hudson, Director, Community Development and Planning

THROUGH: Robert Sisson, City Manager 

SUBJECT: Renaissance Housing Corporation Update

As you know, the Fairfax Renaissance Housing Corporation was established to facilitate significant improvements to individual homes in the City. It accomplishes this through a program of buying down the interest (to the level of 0%) for construction loans for eligible home renovations. FRHC partners with a City bank to facilitate this program. FRHC operates with funds granted to it by the City Council, but has not been funded for the past 3 fiscal years.

Attached please find the previously-forwarded letter from Dale Lestina, President, FRHC, with the request for funding for FY14. The letter contains some statistics regarding the FRHC program, and states that the maximum loan amount has decreased from \$200,000 down to the current level of \$99,999. FRHC would like to be able to fund loans of \$250,000. An operating grant of \$250,000 has been requested for FY14 to allow FRHC to operate at this more significant level. A total of \$50,000 has been included in the Proposed Budget.

Currently, FRHC has a cash balance of approximately \$324,000. Of those funds, approximately \$180,000 is committed, leaving a balance of approximately \$144,000. This remaining balance would be sufficient to fund 4.74 loans for each of the following 2 years at the \$99,999 maximum level, or 2 loans at the proposed \$250,000 maximum level.

CITY OF FAIRFAX
RENAISSANCE HOUSING CORPORATION

January 15, 2013

Mr. David Hudson, Director
City of Fairfax Community Planning & Development
10455 Armstrong Street
Fairfax VA 22030

Re: Fairfax Renaissance Housing Corporation / FY2014 budget request

Dear David:

I would like to thank you for giving me this opportunity to update you on the progress of the Fairfax Renaissance Housing Corporation (FRHC). Since inception, the corporation has approved and closed 184 renaissance housing loans. The total of these loans amounts to \$15 million dollars and I am pleased to report the corporation has not lost any money due to a bad loan. I do not believe there are any or many home loan programs that can meet this accomplishment.

For the last three fiscal budgets approved by the City of Fairfax, no monies have been provided for funding the Fairfax Renaissance Housing Corporation. That, in connection with the recent downturn in the economy, has reduced the maximum FRHC loan amounts from the previous amount of \$200,000 down to \$99,999. Given that the area's economy is now on the rebound, we expect the loan applications will also increase. The FRHC Board would like to return to the maximum loan amount of \$200,000 or even possibly to a \$250,000 maximum. To accomplish this end, the Board requests a \$250,000 operating grant from the City of Fairfax for the upcoming 2014 fiscal year. This request amounts to \$62,500 for each of the past three fiscal years plus the upcoming fiscal year.

Thank you for your consideration of, and hopefully support for, this request during upcoming decisions that will need to be made during the budget process.

Sincerely,



Dale Lestina
President